

SUBCHAPTER A—FINANCIAL MANAGEMENT SERVICE

PART 202—DEPOSITARIES AND FINANCIAL AGENTS OF THE GOVERNMENT¹

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AUTHORITY: Sec. 10, Pub. L. 77-603, 56 Stat. 356 (12 U.S.C. 265); sec. 2, Pub. L. 95-147, 91 Stat. 1227 (12 U.S.C. 266, 12 U.S.C. 1464(k), 12 U.S.C. 1725(d) and 12 U.S.C. 1709(a)); and sec. 4(a), Pub. L. 95-369, 92 Stat. 607 (12 U.S.C. 3101 and 3102).

§202.1 Scope of regulations.

The regulations in this part govern the designation of Depositaries and Financial Agents of the Government (hereinafter referred to as depositaries), and their authorization to accept deposits of public money and to perform other services as provided for in section 10, Pub. L. 77-603, 56 Stat. 356 (12 U.S.C. 265); section 2, Pub. L. 95-147, 91 Stat. 1227 (12 U.S.C. 266, 12 U.S.C. 1464(k), 12 U.S.C. 1725(d) and 12 U.S.C. 1709(a)); and section 4(a), Pub. L. 95-369, 92 Stat. 607 (12 U.S.C. 3101 and 3102). Public money includes, without being limited to, revenue and funds of the United States, and any funds the deposit of which is subject to the control or regulation of the United States or any of its officers, agents, or employees. The designation and authorization of Treasury Tax and Loan Depositaries for the receipt of deposits representing payments for certain United States obligations and of internal revenue taxes are governed by the regulations in part 203 of this chapter.

[46 FR 28152, May 26, 1981]

¹The regulations, which previously appeared in this part, governing payment of checks drawn on the United States Treasury now appear in revised form in part 240 of this chapter (Department Circular 21 (Second Revision)).

§202.2 Designations.

(a) Financial institutions of the following classes are designated as Depositaries and Financial Agents of the Government if they meet the eligibility requirements stated in paragraph (b) of this section:

(1) Every bank insured by the Federal Deposit Insurance Corporation.

(2) Every institution insured by the Federal Savings and Loan Insurance Corporation.

(3) Every credit union insured by the Administrator of the National Credit Union Administration.

(4) Banks, savings banks, savings and loan, building and loan, and homestead associations, credit unions created under the laws of any State, the deposits or accounts of which are insured by a State or agency thereof or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts of such financial institutions, every United States branch of a foreign banking corporation authorized by the State in which it is located to transact commercial banking business, and every Federal branch of a foreign banking corporation, the establishment of which has been approved by the Comptroller of the Currency.

(b) In order to be eligible for designation, a financial institution is required to possess, under its charter and the regulations issued by its chartering authority, either general or specific authority to perform the services outlined in §202.3(b). A financial institution is required also to possess the authority to pledge collateral to secure public funds.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53066, Sept. 11, 1979, as amended at 46 FR 28152, May 26, 1981]

§202.3 Authorization.

(a) *To accept deposits covered by the appropriate Federal or State insurer.*

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Every depository is authorized to accept a deposit of public money in an official account, other than an account in the name of the United States Treasury, in which the maximum balance does not exceed the "Recognized Insurance Coverage". "Recognized Insurance Coverage" means the insurance provided by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Share Insurance Fund, and by insurance organizations specifically qualified by the Secretary of the Treasury pursuant to 31 CFR part 226.

(b) *To perform other services.* (1) Upon the request of a Government agency, the Secretary of the Treasury may authorize a depository to perform other services specifically requested by the agency, including:

(i) The maintenance of official accounts in which balances will be in excess of the applicable Federal or State insurance coverage;

(ii) The maintenance of accounts in the name of the United States Treasury;

(iii) The acceptance of deposits for credit of the United States Treasury;

(iv) The furnishing of bank drafts in exchange for collections.

(2) To obtain authorization to perform services specifically requested by a Government agency, a depository must:

(i) File with the Secretary of the Treasury an appropriate agreement and resolution of its board of directors authorizing the agreement (both on forms prescribed by and available from the Financial Management Service), and

(ii) Pledge collateral security as provided for in § 202.6.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[32 FR 14215, Oct. 13, 1967, as amended at 44 FR 53066, Sept. 11, 1979; 49 FR 47001, Nov. 30, 1984]

§ 202.4 Contract of deposit.

A depository which accepts a deposit under this part enters into a contract

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of deposit with the Treasury Department. The terms of this contract include:

(a) All of the provisions of this part.

(b) Any instructions issued pursuant to this part by the Treasury or by Federal Reserve Banks as Fiscal Agents of the United States or by any other Government agency.

(c) The provisions prescribed in section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 FR 12319) as amended by Executive Order 11375, entitled "Equal Employment Opportunity Clause".

(d) The requirements of section 503 of the Rehabilitation Act of 1973, 29 U.S.C. 793, and the regulations issued thereunder at 41 CFR part 60-741, which are incorporated herein by reference, requiring Government contractors to take affirmative action to employ qualified handicapped individuals, except that depositories which under this part receive gross annual earnings of less than \$2,500 are exempt from compliance with these regulations.

(e) The requirements of section 503 of the Veterans Employment and Readjustment Act of 1972, 38 U.S.C. 2012, Executive Order 11701, and the regulations issued thereunder at 41 CFR Subpart 1-12.11, which are incorporated herein by reference, for the promotion of employment of disabled and Vietnam-era veterans, except that depositories which under this part receive gross annual earnings of less than \$10,000 are exempt from compliance with these regulations.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53067, Sept. 11, 1979]

§ 202.5 Previously designated depositories.

A depository previously designated will, by the acceptance or retention of deposits, be presumed to have assented to all the terms and provisions of this part and to the retention of collateral security theretofore pledged.

[32 FR 14215, Oct. 13, 1967]

§ 202.6 Collateral security.

(a) *Requirement.* Prior to receiving deposits of public money, a depository authorized to perform services under § 202.3(b) must pledge collateral security in the amount required by the Secretary of the Treasury.

(b) *Acceptable security.* Unless otherwise specified by the Secretary of the Treasury, collateral security pledged under this section may be transferable securities of any of the following classes:

(1) Obligations issued or fully insured or guaranteed by the United States or any U.S. Government agency, and obligations of Government-sponsored corporations which under specific statute may be accepted as security for public funds: At face value.

(2) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank or the Asian Development Bank: At face value.

(c) *Deposits of securities.* Unless the Secretary of the Treasury provides otherwise, collateral security under this part must be deposited with the Federal Reserve Bank or Branch of the district in which the depository is located (depositories located in Puerto Rico and the Virgin Islands will be considered as being located in the New York Federal Reserve district), or with a custodian or custodians within the United States designated by the Federal Reserve Bank, under terms and conditions prescribed by the Federal Reserve Bank. Securities deposited with a Federal Reserve Bank must be accompanied by a letter stating specifically the purpose for which the securities are being deposited.

(d) *Assignment.* A depository that pledges securities which are not negotiable without its endorsement or assignment may, in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the Federal Reserve Banks shall prescribe.

(e) *Disposition of principal and interest payments of the pledged securities after a depository is declared insolvent—(1) General.* In the event of the depository's insolvency or closure, or in the event of the appointment of a receiver, conservator, liquidator, or other similar officer to terminate its business, the depository agrees that all principal and interest payments on any security pledged to protect public monies due as of the date of the insolvency or closure, or thereafter becoming due, shall be held separate and apart from any other assets and shall constitute a part of the pledged security available to satisfy any claim of the United States.

(2) *Payment procedures.* (i) Subject to the waiver in paragraph (e)(2)(iii) of this section, each depository (including, with respect to such depository, an assignee for the benefit of creditors, a trustee in bankruptcy, or a receiver in equity) shall immediately remit each payment of principal and/or interest received by it with respect to collateral pledged pursuant to this section to the Federal Reserve Bank of the district, as fiscal agent of the United States, and in any event shall so remit no later than ten days after receipt of such a payment.

(ii) Subject to the waiver in paragraph (e)(2)(iii) of this section, each obligor on a security pledged by a depository pursuant to this section shall make each payment of principal and/or interest with respect to such security directly to the Federal Reserve Bank of the district, as fiscal agent of the United States.

(iii) The requirements of paragraphs (e)(2) (i) and (ii) of this section are hereby waived for only so long as a pledging depository remains solvent. The foregoing waiver is terminated without further action immediately upon the involvency of a pledging depository or, if earlier, upon notice by the Treasury of such termination. For purposes of this paragraph, a depository is insolvent when, voluntarily or by action of competent authority, it is

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closed because of present or prospective inability to meet the demands of its depositors or shareholders.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[32 FR 14216, Oct. 13, 1967, as amended at 36 FR 6748, Apr. 8, 1971; 36 FR 17995, Sept. 8, 1971; 39 FR 30832, Aug. 26, 1974; 44 FR 53067, Sept. 11, 1979; 46 FR 28152, May 26, 1981]

§ 202.7 Maintenance of balances within authorizations.

(a) Government agencies must contact this Department before making deposits with a financial institution insured by a State or agency thereof or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts. The contact should be directed to the Federal Finance, Financial Management Service, Department of the Treasury, Washington, DC 20226.

(b) Government agencies having control or jurisdiction over public money on deposit in accounts with depositaries are responsible for the maintenance of balances in such accounts within the limits of the authorizations specified by the Secretary of the Treasury.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53067, Sept. 11, 1979, as amended at 49 FR 47001, Nov. 30, 1984]

PART 203—TREASURY TAX AND LOAN DEPOSITARIES

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AUTHORITY: 31 U.S.C. 3122, 31 U.S.C. 323, 12 U.S.C. 265 and 12 U.S.C. 391.

SOURCE: 58 FR 35396, July 1, 1993, unless otherwise noted.

Subpart A—General Information

§ 203.1 Scope.

The regulations in this part govern the designation of Treasury tax and loan depositaries and their contract with the Treasury Department to process deposits of Federal taxes and to maintain and administer separate accounts to be known as Treasury tax and loan accounts.

§ 203.2 Definitions.

As used in this part:

(a) *Advices of credit* means those Treasury forms which are supplied to depositaries to be used in supporting credits to Treasury tax and loan accounts.

(b) *Business day* means any day on which the Federal Reserve Bank of the district is open to the public.

(c) *Delivery of advices of credit* to the Federal Reserve Bank means delivery of the paper advice of credit form or electronic delivery by Fedline or Voice Response of the information on the advice of credit form.

(d) *Depositary* means a Treasury tax and loan depositary.

(e) *Election of option form* means a document supplied by the Federal Reserve Bank of each district, on which a depositary indicates the option under